

Assessment of Compliance with Financial Management Code

Financial Management Standard		Level of compliance (H/M/L)	Evidence / Current Treatment	Further Action
Section 1: The responsibilities of the chief finance officer and leadership team				
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	H	<p>Compliance with this Standard can be demonstrated by the application of other Standards in the FM Code.</p> <p>The Service's Medium Term Financial Plan (MTFP) includes a dedicated section on Efficiency and Value for Money. We have also produced a new document in 2021, "Securing Value for Money: Our Approach". This document sets out our framework for delivering value for money in all that we do and how we report on our progress.</p> <p>In their annual ISA260 External Audit Report for 2020/21, presented to the Finance & Audit Committee on 15 September 2021, the auditors stated that they "did not identify any significant risk related to Value for Money and we do not anticipate reporting any matters within our audit report in respect of the Authority's arrangements for securing the economy, efficiency and effectiveness of the use of resources".</p> <p>The auditors' Value for Money opinion is now based on a more robust assessment and further commentary is included in the Auditor's Annual Report which was presented to the Finance & Audit Committee on 8 December 2021.</p> <p>Following its inspection during 2018/19, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) found DWFRS to be "good at providing an efficient service. And it is good at using resources and providing an affordable service."</p>	

B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	H	<p>The Authority's chief finance officer (the Treasurer) is a key member of the organisation's leadership, in his role as advisor to the Senior Leadership Team (SLT). He is involved in and able to bring influence to bear on, all material business decisions and promotes good financial management across the Service.</p> <p>The Treasurer is suitably qualified and experienced - FCCA, MAAT.</p> <p>The Finance Team is suitably resourced and fit for purpose, comprising the following:</p> <p>Chief Accountant Management Accountant Finance System Accountant Assistant Management Accountant Senior Accounts Technician Accounts Technician - Finance System Accounts Technician - Financial Accounts Accounts Technician - Management Accounts Senior Accounts Assistants x 2 Accounts Assistants x 2</p>	
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Section 2: Governance and financial management style

C	<p>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p>	H	<p>The Service has a Corporate Governance Policy Statement, which was endorsed by the Authority on 12 February 2020.</p> <p>Incorporated in the Service's Statement of Accounts for 2020/21 and presented to the Finance & Audit Committee in September 2021, is the Annual Governance Statement, in which it is stated that "we do not currently have any significant governance issues of major concern". In their ISA260 report, the external auditors concluded that "the Annual Governance Statement complies with the Delivering Good Governance guidance issued by CIPFA/SOLACE".</p> <p>The Service has also published a Staff Code of Conduct, applicable to all contracts of employment within the Service. All members of staff are required to read and understand the Code of Conduct and the related RESPECT framework, which outlines the behavioural expectations of members of DWFRS staff.</p> <p>Following the launch of the Core Code of Ethics by the National Fire Chiefs Council (NFCC), Local Government Association (LGA) and Association of Police and Crime Commissioners (APCC) in May 2021, the Service decided to replace the existing RESPECT framework with the Code. The transition to the Core Code of Ethics began in September 2021 and was completed in December 2021, after which time the Code will start to be embedded within the Service.</p> <p>Under the Fire and Rescue Service National Framework 2018, the Service is required to provide an annual Statement of Assurance, which is informed by policy assurance statements and is approved by the Authority. The policy assurance statements are provided by each of the Directors (along with any supporting evidence), who ensure that any areas for improvement identified through the production of these documents is included in the Service's planning.</p>	
D	<p>The Authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).</p>	H	<p>As referred to in section C above, the Service's Annual Governance Statement complies with the Delivery Good Governance guidance issued by CIPFA/SOLACE, and an annual Statement of Assurance is approved by the Authority.</p> <p>In their 2021/22 audit of the Authority's Performance Management Framework, which included Corporate Governance, our internal auditors made no recommendations for improvement.</p>	

E	<p>The financial management style of the Authority supports financial sustainability.</p>	M	<p>The service has in place an effective framework for financial accountability, which includes:</p> <ul style="list-style-type: none"> - Financial Regulations - Standing Orders - Financial Management Policy Statement - Internal financial procedures and controls. <p>Delegated powers are detailed in the Standing Orders and the Finance & Audit Committee's terms of references.</p> <p>The Authority is committed to continuous improvement regarding the economy, efficient, effectiveness and equity of its services.</p> <p>The Authority's finance team has an appropriate level of input into the development of strategic and operational plans.</p> <p>The Service has also recently introduced Financial dashboards for data reporting to enable users to get a condensed and clear visual presentation of their budget figures to support transparency and better decision making. The dashboards are updated and monitored at Directorate meetings.</p> <p>Training is delivered and support provided to ensure that managers across the Service have sufficient financial literacy to deliver services cost-effectively and to be held accountable for doing so, but we recognise that this is an area where further improvements could be made.</p> <p>Training is provided to Members through seminars.</p>	<p>Area for improvement - Financial management and financial awareness training of managers</p>
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Section 3: Long to medium-term financial management

F	The Authority has carried out a credible and transparent financial resilience assessment.	H	<p>Financial resilience is a key consideration in the Service's Medium Term Financial Plan, Capital Strategy and Treasury Management Strategy, which were all approved by the Authority at its February 2021 meeting.</p> <p>The DWFRS Reserves Strategy is contained within Section 8 of our Medium Term Financial Plan 2021-22 to 2024-25, which was presented to and approved by the Authority on 11 February 2021.</p> <p>The Strategy covers the following areas:</p> <ul style="list-style-type: none"> - Long-term budget sustainability - Risk assessment to determine the adequacy of general balances - Annual review of earmarked reserves - Projected reserve balances <p>In July 2020 the Service was subject to an internal audit on Financial Resilience – Management of Reserves. In their report, the auditors gave a substantial audit opinion, and made no recommendations for improvement.</p>	
G	The Authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members.	H	<p>The Service's Strategic Assessment of Risk document covers a number of financial elements.</p> <p>These risks are addressed within the Service's Community Safety Plan, Medium Term Financial Plan (including scenario planning) and the Reserves Strategy, where appropriate.</p> <p>The prospects for long term financial sustainability are reported to SLT, currently through the Resourcing and Savings Programme and Members are kept informed through regular reports and specific presentations and seminars.</p> <p>"Failure to secure financial sustainability that ensures and maintains effective service provision" is a risk included on the Authority's Strategic Risk Register. The Strategic Risk Register and associated mitigations are monitored by the Finance & Audit Committee on a quarterly basis.</p>	

H	The Authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	H	<p>The Treasurer presents the Service's annual Treasury Management Strategy Report to the Fire Authority each year for their approval. This report and its appendices include the Service's:</p> <ul style="list-style-type: none"> - Treasury Management Policy Statement and Practices (including the Annual Investment and Treasury Management Strategy) - Capital Prudential Indicators - Capital Strategy - The Minimum Revenue Provision Policy Statement <p>Regular reporting of capital expenditure to the Finance & Audit Committee takes place throughout the year. The Authority receives mid-year and annual Treasury Management reports, including details of borrowing, investment and prudential indicators.</p> <p>We are reviewing our position against the newly updated CIPFA Prudential Code.</p>	
I	The Authority has a rolling multi-year medium term financial plan consistent with sustainable service plans.	H	<p>The Service has a Medium Term Financial Plan, which is consistent with and integrated into relevant service plans and the capital strategy. This is prepared on the basis of a robust assessment of relevant drivers of cost and demand. The Plan is presented to and approved by the Fire Authority on an annual basis.</p> <p>The MTFP supports the Community Safety Plan and is itself supported by the:</p> <ul style="list-style-type: none"> - Asset Management Strategy - Community Safety Strategy - Environmental Sustainability Strategy - Equality, Diversity & Inclusion Strategy - ICT Strategy - People Strategy 	

Section 4: The annual budget

J	The Authority complies with its statutory obligations in respect of the budget setting process.	H	<p>The Service sets a balanced revenue budget on an annual basis, which is approved by the Fire Authority.</p> <p>The Treasurer is aware of the circumstances in which there would be a need to issue a Section 114 notice.</p>	
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	H	<p>The Authority's annual budget report includes a statement by the Treasurer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves. This report identifies the most significant estimates used in preparing the budget.</p> <p>The Authority has sufficient reserves to ensure its financial sustainability for the foreseeable future. The report sets out the current level of the Authority's reserves.</p> <p>See: Budget Report to Fire and Rescue Authority (FRA) (11/02/21), Reserves Strategy (within the Medium Term Financial Plan presented to FRA on 11/02/21).</p>	

Section 5: Stakeholder engagement and business plans

L	<p>The Authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.</p>	H	<p>The Authority has engaged with internal stakeholders, including budget managers, SLT and Members through the budget setting process, reporting and Members' seminars to enable Members to make informed decisions when approving the budget and MTFP.</p> <p>As is noted in the 2020/21 Annual Governance Statement, "the priorities of the Authority have been aligned to the outcomes and success factors within key partnerships. Officers have a process of structured attendance at key partnerships and local democratic arrangements such as Area Boards and Localities...There is a good history of public consultation over significant issues affecting the community and external stakeholders. Any proposals for significant change to service delivery affecting the public will be supported by a consultation process. Since March 2021 we have been consulting key stakeholders, partners and the public on a draft of our new Community Safety Plan 2021-2024".</p> <p>During the last year the Authority has also engaged with local Members of Parliament, the National Fire Chiefs' Council, the Local Government Association and the Home Office with regards to the Authority's funding position, particularly with regards to flexibilities around levels of council tax precept.</p>	
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M	<p>The Authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p>	H	<p>The Authority uses a business case process for both capital and revenue bids. Guidance is available for officers which outlines when an appraisal is necessary and how to undertake them. Business case requests must be supported by the relevant director before a business case template can be completed. Once completed by the business case owner, each business case must then go through a series of compliance checks (a flowchart for this process is available to officers on Connect) before being put forward for consideration.</p> <p>The business case process uses techniques for both qualitative and quantitative assessment of options and addresses risks and uncertainty.</p> <p>Business cases give clear recommendations for the preferred option(s) and are reported to Service Delivery Team/Senior Leadership Team for approval, depending on the type and amount of funding being requested.</p> <p>An internal audit review of our project management framework, including business cases, was completed in quarter 4 2020-21. The review provided a 'Substantial' assurance rating.</p>	
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Section 6: Monitoring financial performance

N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	H	<p>The leadership team is provided with a number of reports that allow it to identify and correct emerging risks to its budget strategy and financial stability, including annual and quarterly capital and revenue monitoring reports which flow through to the Finance & Audit Committee and the Authority, as well as the annual budget report and accompanying Medium Term Financial Plan.</p> <p>The leadership team reviews, signs off and monitors the Strategic Assessment of Risk, which is completed every two years. This assessment examines a range of key factors that impact on our organisation from opportunities and challenges emerging from within the fire sector and those within the wider public-sector environment. The assessment aims to highlight the strategic and operational risks we face and describes how we intend to deal with them.</p> <p>Since 2020 the Service's Resourcing & Savings programme has been taking an in-depth look at Service finances to see where further savings and efficiencies can be achieved. The drivers for the Programme are:</p> <ul style="list-style-type: none"> * Delivering further financial savings * Maintaining our statutory responsibilities * Addressing the issues arising from the Strategic Assessment of Risk * Protecting reserves to better support future reform and deliver further savings * Maintaining the sound reputation of the Service and ratings from Inspection. 	
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O	<p>The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.</p>	H	<p>The Authority has identified the elements of its balance sheet that are most critical to its financial stability as its borrowing, pensions liability and reserves.</p> <p>Mechanisms in place to monitor the risks associated with these critical elements are the Authority's prudential indicators, actuarial reports, Reserves Strategy and Medium Term Financial Plan.</p> <p>Usage of reserves is reported through quarterly reports to the Finance & Audit Committee and SLT, as well as the annual outturn position.</p> <p>The monitoring of these balance sheet risks is integrated into the Authority's management accounting reporting process through the quarterly reports, which include commentary on the capital programme and capital financing. The cost of pensions is covered within the MTFP and budget reports.</p> <p>The Strategic Assessment of Risk considers the financial uncertainty facing the Service.</p>	
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Section 7: External financial reporting

P	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the Authority complies with the reporting requirements of the Code.	H	<p>The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This is detailed in the 'Statement of Responsibilities', included in the Authority's annual Statement of Accounts.</p> <p>These responsibilities are also included in the Treasurer's job description, as well as the Authority's Financial Regulations.</p> <p>The Authority's Statement of Accounts have hitherto been prepared on time and in accordance with the Code (with the exception of 2020 due a national pensions issue delaying the audit and therefore publication of the accounts).</p>	
Q	The presentation of the final outturn figures and variations from the budget allow the leadership team to make strategic financial decisions.	H	<p>See (N) above. The reports referred to allow the leadership team to monitor financial performance on a regular basis and review significant budget variances. The outturn financial performance also allows the leadership team to review the Reserves Strategy and make recommendations to the Authority where necessary. The leadership team reviews the:</p> <ul style="list-style-type: none"> * Statement of Accounts, including Annual Governance Statement * The annual Outturn Return report <p>The Finance and Audit Committee are provided with a presentation on the key issues arising from the financial statements.</p>	